There are certain things in connection with this bill that I must object to very strenuously, and I shall tell you why. First of all, under this part there is no such thing as a trustee. The clerk of the court is the one to whom the debtor may go and submit his application and material for what is called a consolidation order. Then he has to file an affidavit setting out certain information as to what his assets and liabilities are, and there is a hearing by the clerk of the court who in the first instance makes all these determinations as to proof of claims and the assets which the debtor has exposed to him. The clerk then passes on payment on account of all these claims.

But here we are now establishing the clerk of the court. In Alberta, according to this bill, the clerk of the court is the Clerk of the District Court, and in Manitoba he is the Clerk of the County Court; as to other provinces it says that the Governor, by order in council, may determine the court of the province which shall be the court, the clerk of which is the one who has the power for summary administration and to make these consolidation orders.

I cannot understand why this should be done when we have, in every province in Canada, a registrar under the Bankruptcy Act, who has over a period of years gained a considerable experience in dealing with bankrupts, and knows their ways much better than a person who comes in without any knowledge of or familiarity with the ways of debtors. You can be sure that debtors, who become bankrupt, in many instances—not in all instances because sometimes it may be a genuine bankruptcy—may, for instance, try to conceal some assets in the hope that they will be beyond reach when the bankruptcy is declared.

To safeguard the position of the creditor I think the best available machinery should be used, if we are going to provide this plan of consolidation of debts and the orderly administration of the affairs of those debtors who have not been declared bankrupt. A debtor goes to the clerk of the court and submits all the information that is required, an order is made, and then under the new administration makes his payments, notwithstanding the fact that the creditor may avail himself of the provisions of the act and demand bankruptcy.

My first objection, then, is that the services of the person in each province who is most familiar and most experienced in the administration of bankruptcies under the Bankruptcy Act are not going to be used. My second objection is that there is no provision in this bill for inspectors.

At the worst, I think this bill should provide for the appointment of inspectors in the discretion of the creditors at the first meeting of creditors convened by the clerk, because alert inspectors often uncover assets that would not otherwise be found. Therefore, I say that those two points should be considered.

I agree that the provisions of the act as it now stands have been subject to abuse, and it is time some changes were made. I am not sure that the changes need go as far as Part X in this bill goes, but if this new provision with respect to the orderly payment of debts in Part X is to be enacted, then I say that in the interests of the creditors there should be certain safeguards. The registrar of the bankruptcy court should be appointed instead of a clerk of whatever court of a province may be designated, and I believe there should be a discretionary power in regard to inspectors.

I should point out, honourable senators, that the Board of Trade of Metropolitan Toronto, under the guidance of its legal secretary, over the period since the Bankruptcy Act was revised in the late 1940's—I think it was in 1949—has been making a study year by year of the experiences of trustees and all persons concerned in bankruptcies and in the administration of the act. That organization submitted a lengthy brief to the Superintendent of Bankruptcy in December of last year, and the only recommendations in the brief that are acted upon by this bill are those with respect to Sections 114 to 116 of the act. The submissions with respect to sections 114 to 116 were:

> Certain weaknesses have become apparent in operation under the summary administration provisions in Sections 114-116. The following subsections of section 114 involve the principal weaknesses and should be repealed for the reasons stated:
>
> Subsection (c), for the reason that a bad impression is created on the part of creditors who receive a notification of discharge proceedings along with the notice of bankruptcy, especially in those instances where the amount of debts involved is large.

Mind you, the amount of debts can be large when the test is that not more than $500 has been left after the secured creditors have been taken care of. There is no limitation; no maximization or minimization of the amount of debts. The submission goes on:

> The effect of such a change would be to leave bankrupts under summary administration to apply for discharge in the usual way.